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## *House of Representatives*

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### SMALL BUSINESS HEALTH FAIRNESS ACT OF 2005

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**Hon. MICHAEL M. HONDA**  
OF CALIFORNIA  
IN THE HOUSE OF REPRESENTATIVES

Mr. HONDA. Mr. Speaker, I rise today in strong opposition to the Small Business Health Fairness Act, H.R. 525. This bill would not only fail to expand health coverage for the uninsured, but would actually reduce health care benefits and coverage for 8 million individuals who would be switched to lower benefit AHP health plans. Only 1 percent--600,000 people--of the 45 million uninsured Americans would be provided new coverage by AHPs.

Instead of providing broader access to comprehensive health insurance for the millions of uninsured Americans, H.R. 525 will undermine access to quality, affordable health insurance and may actually increase the ranks of the uninsured. Under current law, the majority of health insurance plans are regulated at the State level. States have enacted a number of protections to ensure the fairness of health insurance coverage for patients. Most States now require insurers to allow direct access to

emergency services, independent external appeal of health care claims denials, and access to an adequate range of health professionals. AHPs would be exempt from these requirements, leaving those with AHP coverage with inadequate protection.

Insurers naturally have incentives to select the healthiest individuals or groups that are seeking coverage. State regulations counter this incentive by mandating that certain benefits be covered, and by limiting and defining how policies are to be priced. By exempting AHPs from these State regulations, AHPs would offer less-generous policies that would be attractive to healthier individuals and groups. By permitting AHPs to offer coverage to specific types of employers, the bill allows them to hand pick populations that are better risks and therefore less costly to insure. Under H.R. 525, AHPs would offer different premiums to each member employer, charging lower rates for lower risk persons and charging much higher rates for higher risk persons.

The only restriction on premiums is that differences could not be based on health status. This provision is essentially meaningless because it permits AHPs to accomplish the same

goal by varying premiums based on age, sex, race, national origin, or any other factor in the employers' workforce, including claims experience. As a Nation, we have recognized and are committed to eliminating health disparities based on race, ethnicity, and national origin. Why then would we create laws that perpetuate and encourage further health disparities?

Small businesses comprise nearly one-third of the private sector workforce, and are much less likely than large firms to provide health coverage for their employees. Although this is a serious concern, AHPs are not the answer. The Kind/Andrews substitute offers provisions that would address the real health insurance needs of small employers. It would provide small employers the same access to health benefits as Federal employees by establishing a Small Employer Health Benefits Plan, SEHB, similar to the Federal Employees Health Benefits Plan. It offers coverage to all small employers and their employees to apply for coverage under SEHB. Those working less than full-time would be eligible for pro rata coverage. It would also minimize adverse selection, use State-licensed insurers without preempting State laws, provide a minimum benefit package similar to Federal employees, and provide premium assistance to make employee and employer premiums affordable.

I urge my colleagues to support the Kind/Andrews substitute and oppose the Republican leadership's flawed approach to AHPs.